



**Railroad Transportation Programs: Reforms and Improvements
to Reduce Regulatory Burdens**

"Public Private Partnering for Passenger Rail - A Reform Initiative"

**Testimony of Mr. Ray B. Chambers on Behalf of the
Association of Independent Passenger Rail Operators**

Before the Subcommittee on Railroads,
Pipelines and Hazardous Materials
U.S. House Transportation & Infrastructure Committee
April 7, 2011

The Association of Independent Passenger Rail Operators (AIPRO) was established to actively support the expansion of passenger rail service in the United States of America. Our core mission is to promote development of our nation's rail infrastructure, while seeking to increase passenger rail opportunities through a dynamic and competitive marketplace. A principal objective is to reduce regulatory burdens in order to encourage market oriented development.

For the past 70 years America's national infrastructure investments have been largely in highway and aviation. As we project to the future we foresee increased gridlock and pollution. A robust Rail Title to the next Surface Transportation Act that encourages an expansion of freight and passenger rail capacity can help to meet the future needs of this country.

In our previous testimony on March 11, we outlined a program that is built on the foundation of the reforms in the Passenger Rail Investment & Improvement Act of 2008. As Chairman Shuster pointed out at that hearing, "For the first time, rail capital investment programs were established that give states primary control to improve and expand intercity passenger rail services." Expanding on that idea is at the heart of our proposal.

AIPRO recommends a specific program for the Rail Title, which we call *Public Private Partnering for Passenger Rail - A Reform Initiative*, or the P4 Rail Reform Initiative. Our P4 proposal is centered on competition between passenger operators; our main focus is on the state supported passenger rail corridors. However, we believe the principles here can be expanded to the Northeast Corridor, to long distance passenger service, and to a new concept for station area development that can provide the states with a fresh source of revenues for operations and maintenance.

We recommend a self-contained section in the Rail Title to promote public private partnering in passenger railroading. We suggest a P4 Commission chaired by the states to oversee and advise same. Streamlining existing program delivery and eliminating red tape is a key goal. One role of the P4 Commission will be to identify regulatory burdens in specific passenger rail program delivery and to recommend new procedures. Programs that should be reformed within the Rail Title include the RRIF Loan program and the Section 214 passenger service pilot program. We proposed a special P4 RRIF plan in our March 11 testimony. The 214 program is most complex and thus there has been no interest exhibited by any party, nor has FRA engaged in a rulemaking.¹ We believe that program can be streamlined with incentives to Class I railroads that would make it a potentially interesting alternative. This will take a statutory fix. We suggest the environmental process can also be reformed in the Rail Title. Today, for example, if a freight railroad wants to build a second track on existing rights of way with private money it can. If public funds are involved there is a comprehensive environmental permitting and approval process. We recommend if the railroad line exists, and a public project is approved, the freight standard for improvement should apply. At a minimum, an expedited and consolidated process should be put in place with a goal of eliminating all unnecessary bureaucratic roadblocks to drastically cut the time from project conception to completion.

Under our reform proposal, a special P4 Rail Infrastructure Bank which will be structured for maximum efficiency. The bank will be funded by new RRIF loan fund authority and grants. It will have the ability to combine available grants and loans for maximum public and private leverage. For all corridors less

¹ Comment – At the March 11 hearing, FRA Administrator Joe Szabo announced he is about to initiate a Section 214 rulemaking;

than 750 miles federal grant funding will be directed to the states². The states will be encouraged to initiate procurement for the total passenger operation or component parts of the service through fair and open competitive processes. FRA will have responsibility for intercity rail service standards, safety standards, and enforcement.

We want all stakeholders to be a part of this P4 New Paradigm process. We propose that independent operators must have the track owner's approval and would have no right of access at incremental cost. We believe California's Capitol Corridor is a good model in this regard. Railway labor protections would carry forward.

In the final analysis we know that public-private partnering is one solution and is relatively new to the American rail scene. There are many issues that need to be worked through, and that is the purpose of the P4 Commission. The Rail Title should be carefully drafted to eliminate barriers, impediments, or regulatory burdens that block flexibility. States and local jurisdictions must be permitted the most efficient use of these funds for everything from passenger project design to service delivery. Local public-private partnerships ensure that taxpayer dollars will be conserved over the long term. The competitive process and private partners will create efficiencies and cost savings that will be passed right back to the states to lower operating subsidies and guarantee loan repayments. These partnerships by definition include private sector operator participation. Nothing less will work to make rail passenger transportation truly sustainable for all stakeholders from riders to taxpayers.

Our proposal is designed to bring maximum competition and private involvement into the development of a cost effective national passenger rail option for the future. This proposal is not radical but consistent with the trend in the American commuter rail market and growing international practices.³ We believe our proposal is in direct line with the call of Chairmen Mica and Shuster to reduce regulatory burdens and to increase competition and private sector participation in rail passenger service. We believe it is also the best way to reach President Obama's goal of putting a high speed and intercity passenger rail within the reach of 80% of Americans within 25 years.⁴ A strong P4 program in the Rail Title, with federal oversight and state responsibility can begin to establish rail as the third true American transportation option along with highways and aviation.

Thank you.

² Comment – While we recognize the dire deficit situation we would argue that transportation infrastructure investment creates jobs and builds America's competitiveness for the future. P4s will help leverage finance. We would hope that the House-Senate Conference on the Surface Transportation Act Rail Title will at a minimum continue the PRIIA Sec. 24402 state assistance grant program or create a new program that will provide grant assistance to the states for rail passenger infrastructure.

³ A requirement for rail passenger competition is now an EU law.

⁴ Bill Shuster statement, News Release, Committee on Transportation and Infrastructure, "Mica & Shuster Call for Larger Private Sector Role in Passenger Rail, p. 2

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Truth in Testimony Disclosure

Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name: Ray B. Chambers

(2) Other than yourself, name of entity you are representing: Association of Independent Passenger Rail Operators (AIPRO)

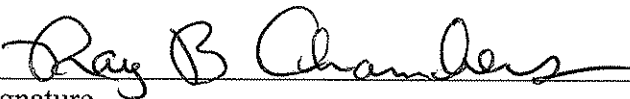
(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

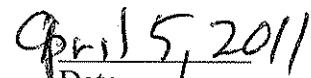
☒ YES

If yes, please provide the information requested below and attach your curriculum vitae.

☐ NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing: None/ Not Applicable


Signature


Date



Biography of Ray B. Chambers

Ray Chambers has 44 years of experience in government affairs. He began his career as a chief of staff to Members of Congress and served as a political appointee in two presidential Administrations. In that capacity he was responsible for congressional relations that led to the reorganization the eight Northeast bankrupt railroads into a viable system as well as a new law that created a unified trust fund to support local transit operations.

In 1974 he opened a management consultant and government relations firm which became Chambers, Conlon & Hartwell-LLC (CCH) and later established a subsidiary Seneca-International. For Seneca he led an effort to commercialize the Romanian Railway system. He has retired as a partner of CCH-Seneca. He then launched a second career, established RBC & Associates and became a partner in Capital Partnerships.

Mr. Chambers is primarily known for his work in the transportation arena. In the 1980s he was instrumental in legislation that broke the Burlington Northern monopoly into the Powder River Basin of Wyoming and introduced his principal client Chicago NorthWestern (now part of the Union Pacific system) as a competitor. In 1997, Mr. Chambers drafted an innovative railroad loan program which was enacted into law by Congress with a \$3.5 billion ceiling. In 2005, the Congress expanded the loan program to \$35 billion. Chambers is deeply involved in the development a new Surface Transportation Act and is pressing an agenda to reform the highway-transit trust fund program to include the rail mode as an equal partner. Chambers is currently Senior Transportation Policy Advisor to a number of associations and firms including the National Railroad Construction and Maintenance Association, RAILCET (a union & management organization of 30 companies and two unions); DesertXpress, which proposes to build a true high speed rail line between Las Vegas and Southern California; Herzog, a rail construction and contract passenger train operator, Ansaldo-STS -US Switch and the State of Ohio in the development of its rail passenger program.

Mr. Chambers is consultant and Transportation Fellow of the Discovery/Cascadia Institute of Seattle. He is developing an initiative for Cascadia called "Beyond Oil – Transforming Transportation through Modal Rebalancing between Highway and Rail."

Mr. Chambers holds a BA, magna cum laude, from the University of Redlands in California and a Masters from Rutgers in New Jersey.